

HOUSE No. 1063

The Commonwealth of Massachusetts

PRESENTED BY:

Demetrius J. Atsalis

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act making strategic Investments in the commonwealth's chronically distressed hospitals program.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Demetrius J. Atsalis	Second Barnstable

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT MAKING STRATEGIC INVESTMENTS IN THE COMMONWEALTH'S CHRONICALLY DISTRESSED HOSPITALS PROGRAM.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Notwithstanding any General or Special law to the contrary, there shall be
2 established a program called the Strategic Investment in Chronically Distressed Hospital Program
3 ("SICDSH"). The purpose of said SICDSH program shall be to provide annual additional funding from
4 the Executive Office of Health and Human Services, MassHealth Office, to Disproportionate Share
5 ("DSH") Hospitals, as defined by 114.1 CMR 36.04 and M.G.L. 118G §1, located in economically
6 distressed or tourist-based communities that consistently show net operating margin below the
7 Massachusetts hospital industry median due to underfunding from MassHealth program reimbursement
8 and losses on publicly funded behavioral health care programs.

9 The criteria for a hospital's eligibility for the SICDSH program shall include consideration of such
10 hospital's payer mix percentage and its operating margin based on annual hospital filings to the
11 Commonwealth's Division of Health Care Finance and Policy (the "Division") for the preceding hospital
12 Fiscal Year, adjusted to exclude any grants awarded from the Essential Community Provider Trust Fund.
13 DSH hospitals that have a corporate affiliation with any managed care organization under contract with
14 the Executive Office of Health and Human Services, Office of MassHealth ("MassHealth Office"), shall
15 not be eligible to participate. The SICDSH program shall provide annual funding relief to eligible DSH
16 hospitals based on an analysis and findings by the Division from a review of the eligibility criteria for
17 relief. DSH hospitals may petition the Division to request a determination of eligibility for a payment
18 through the SICDSH program.

19 A determination of eligibility shall cause the MassHealth Office to upwardly adjust said hospital's
20 MassHealth rates and inpatient psychiatric rates, as reimbursed either through the MassHealth Office or
21 its single statewide contractor for managed behavioral health care services, to bring said eligible
22 hospital's operating margin up to the industry median for all hospitals statewide, as determined by
23 hospital cost reports on file with the Division for the prior Fiscal Year. Said review and adjustment shall
24 be completed within 90 days of the close of the hospital Fiscal Year for each eligible hospital. Hospitals
25 that receive funding from the SICDSH program shall maintain records of amounts received from the

26 program and of expenditures made from such funds, and shall make such records available for inspection
27 upon request by the Division.